

**THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	
	Lucci Restaurant Group, LLC	)	Chapter 11 Subchapter V
)	
	Debtor	)	Jointly Administered Case No.
		)	22-03452
)	
		)	Hon. David D. Cleary

In re:)	
		)	Chapter 11 Subchapter V
	Agim Arifi	)	Jointly Administered Case No.
		)	22-03457
	Debtor)	

In re:)	
		)	Chapter 11 Subchapter V
	Bashkim Arifi and Fatima Arifi	)	Jointly Administered Case No.
		)	22-03458
)	

REPORT REQUIRED UNDER 11 U.S.C. §1188(C)

This Report is filed in compliance with 1188(c) of the United States Bankruptcy Code and the Order of this Court entered May 6, 2022.

I. BACKGROUND

1. These cases were voluntarily commenced on March 25, 2022.
2. The cases have been consolidated for administrative purposes pursuant to a motion to do so filed by the Debtors and granted by the Court.
3. The lead case is a limited liability company which operates a restaurant in Deerfield, Illinois. The debtor had granted a guaranty of a loan made by Huntington National Bank

(“HNB”) which was in turn guaranteed by the Small Business Administration (“SBA”) to an entity known as Bobby’s Lincoln Park, LLC which operated a restaurant in Chicago, Illinois which failed. The principals (who are brothers) of the that entity had also personally guaranteed the loan and further secured their guaranties by granting HNB mortgages upon their personal residences.

4. The loan from HNB/SBA fell into default after the restaurant operation ceased and the Debtors then attempted to negotiate a workout of the obligation to the HNB/SBA., but those attempts failed. HNB/SBA commenced suit against the guarantors in the United States District Court for the Northern District of Illinois and amended their claim to foreclose the mortgages on the principals’ residences and moved forward seeking motions for summary judgment. The Debtor’s were unaware of any legal defenses to the suit and commenced these cases for the purposes of reorganizing their debts and repaying their obligation to HNB and the SBA.

II. CASE ACTIVITY

5. The Debtors, in their attempts to work out a settlement with HNB and the SBA, offered to monetize the equity in their homes and pay the remaining unsecured balance, as agreed, over time as permitted by Subchapter V of Chapter 11. Since this proposal was rejected by the SBA without any counter-offer or direction to settlement, the Debtors intend on proposing their Plans which follow this path.

6. With that in mind, Debtor Agim Arifi placed his residence for sale and obtained an offer to sell which was brought to this court for approval. Without objection, the court entered an order approving that sale, which was set to close on May 20th, 2022, but on the day before closing, the buyers’ lender requested additional information from them, and the closing has been postponed

and is expected to close in early June. The net proceeds of sale will be paid to HNB and the SBA on the guaranty

7. Bashkim And Fatima Arifi, whose house is free and clear of other mortgages, have been attempting, both independently and through counsel, to obtain exit financing on their residence in order to monetize the equity on their home and pay the proceeds to HNB/SBA. Bashkim and Fatima Arifi are presently pursuing this financing and working with a potential non-conventional lender and hoping for a possible commitment by May 28th.

8. The Debtors anticipate then promptly filing a Plan which will be consensual allowing treatment of an agreed balance on the HNB/SBA debt to be paid as allowed by the Bankruptcy Code.

9. No other creditors have interposed or suggested objections to this treatment of the debt under a Plan. It should be noted that after the monetization of the Debtors' residences, the balance of the debt is not further secured by any assets.

10. The Debtor and the trustee have consulted on the Debtors' intention to file a consensual Plan and are hopeful that the trustee will be both supportive and helpful in obtaining consents. The Trustee has investigated the business operation of LRG and, it should be noted, that other than the period of time when its operations were reduced by Covid 19 restrictions, the business has primarily cash flowed positively since its inception. As commerce increases from the Pandemic, it is anticipated that the Debtor's business operations to continue to improve.

10. The Debtors are hopeful that they will be able to timely file their Plans and await the closing and financing results to that end. Should the Debtors be unable to obtain exit financing, it is anticipated that after a plan confirmation, Bashkim and Fatima Arifi will be eligible to obtain

conventional financing within a reasonable time and will file a plan based upon this likelihood.

In the event that matters for placement in the Plan are not resolved within the time permitted, the

Debtors intend to seek a short extension to allow the time to be completed.

Respectfully submitted,

Lucci Restaurant Group, LLC, Agim Arifi
and Bashkim and Fatima Arifi, jointly

By: Richard N Golding
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CERTIFICATE OF SERVICE

I, Richard N. Golding, attorney of record for the administratively consolidated debtors, hereby certify that I caused to be served on the ECF Registrants *via* the Court's Electronic Notice For Registrants the above **REPORT REQUIRED UNDER 11 U.S.C. §1188(C)** upon the trustee and all those parties in interest having so registered.

/s/ Richard N. Golding